



NORTHERN NATIONALS DRAG RACE 2017 Summary Report

AUGUST 11-13, 2017

The PROVOST
NORTHERN NATIONALS
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Dept. of Community Services & Tourism
Municipality of Wawa

Summary

The 2017 Northern Nationals Drag Races in Wawa, ON was a landmark year. This 6th year of the Race marked the end of the first 5 year strategic plan for the Races, and the beginning of the next phase: Sustainability. This is the overarching goal for the next 5 years of the Races, and it started off very successfully in 2017. In the 2017 Race season, the Committee was able to significantly reduce expenses, increase sponsorships, maintain participation of drivers and spectators, and increase retail sales. This all adds up to a Race that will now be able to grow sustainably for years to come.

The development of systems and processes has been integral to this success. The Drag Race Committee now has all the tools at their disposal to ensure that the Races continue along this path. Staff and the Committee will work together in 2018 to finalize and present to Council the next 5 year plan for the sustainability phase of the Races. This will have the eventual goal of building enough systems that the Race can gain financial independence and be able to continue its life cycle.

Looking back at 2017, there were many new approaches that enabled the Race to be successful. These included a completely new marketing approach that dropped many forms of traditional media for a focus on social media. This allowed a wider, yet targeted reach across multiple platforms for a greatly reduced cost. Careful financial management and budgeting allowed the Races to trim unnecessary expenses, and finding new sponsors added to the financial security needed to continue the Race.

The Race also continues to provide the community with a significant economic benefit, and again this year economic benefit has been very helpful to many businesses. It is a credit to the Races that again this year there was not a hotel room available all weekend. Even with the opening of new establishments, the Northern Nationals continues to be an excellent draw into our community.

This report will detail the Wawa Drag Races from an in depth perspective. It will explore the financials of the Race, information on the demographics of visitors and drivers, and show the benefit of these Races to the community. This will be accomplished through a thorough analysis of numbers and models to demonstrate the ups, downs, ins, and outs of delivering such an event to our community.

Finally, we would also like to remember Race Director Lori Johnson. She was the original vision to this Race, and brought together the team of staff and volunteers that run the Race today. She continues to guide, inspire, and support this Race through her memory. She will be forever missed.

Volunteers, Committee members, and staff would like to thank all involved for their continued interest and support of the Northern Nationals Drag Race. We hope you find this report

informative, and invite you to ask should you have any questions regarding the Races. We'll see you on the Track!

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Demographics

The target market for Drag Racing is young families. While males are traditionally more attracted to the sport, drag racing in recent years has become a whole family event. More children are attending and racing than ever, and the Northern Nationals has seen an increase in both the Jr. Dragster class as well as child attendance. This is great news, as bringing a whole family for the weekend increases interest, accessibility and exposure in the Northern Nationals Drag Race.

Within the primary market areas of Sault Ste. Marie/Algoma, Timmins and the Thunder Bay areas, more than 25,000 males between the ages of 18-54 reside in these areas. Although females are traditionally less attracted to the sport of Drag Racing, it is documented as a family affair in terms of those who follow and attend events. There are 21,000 females who fit the demographic profile of a drag race spectator or participant in the primary market area. Combine these with families and there is a healthy market of spectators to draw on.

Another major consideration of the Race's target market is the difference in economic benefit that comes with spectators vs racers, young families vs. youth, and other differences in economic activity. We are working towards framing the Wawa Race as a more family-friendly race, which brings with it an increase in families with teenage children. These families normally have the disposable income to race to spend more than just the day in our community, and these benefits are more evenly spread throughout the community, affecting business such as motels, restaurants, gas stations, and other small businesses that benefit greatly from the increased traffic in our community.

Spectator Attendance

Over the past several years of drag racing in Wawa, attendance has been steady. Of course, weather and the forecast play a large role in spectator attendance, so the trend has fluctuations based on good and bad weather weekends. The following table shows attendance since the beginning of the race.

Year	2012	2013	2014	2015	2016	2017
Total Passes	1594	1121	2265	1159	1196	1107
Total Visits	3040	2677	5335	2785	2704	2701

As you can see, the Race is experiencing a significant levelling effect as we complete the 6th year. This is expected as the event is established and moves into the sustainability phase of the event. It is important to note that more weekend passes are being sold, and while less overall passes are part of the sales, the move to weekend passes increases both the financial stability as well as the economic impact of the event on the community by increasing overnight stays.

Driver Attendance

Drivers make the core of the success of the Race. Wawa has been very well regarded as a driver's race. This is at the core of our efforts: a good driver's race attracts more drivers, more cars and more families to participate in the sport. The following is a breakdown of driver attendance:

Year	2012	2013	2014	2015	2016	2017
Drivers	121	144	170	163	182	174

Again, here we are seeing a shift that is not apparent from the final number – an increase in super pro and semi pro drivers to the Race. These racers come with more of an entourage and remain at the Races for more than just the weekend, with many drivers and pit crews in our community for the Wednesday and Thursday of the Races as well. This year, 109 drivers fit into this category, up from 2016. Most of the drop experienced was with street class drivers. This is partly attributed to the hobbyist nature of the street class, where the circuit that the Wawa Race is on has much less meaning and the distance of the drive makes it less palatable for anyone coming from further than the northern US, or northern Ontario. This is coupled with a competing race on the weekend that is more focused on this class. The caveat here is the street class racers represent less community economic development as they traditionally do not bring large crews or families with them to race, unlike the semi and super pro drivers.

Overall Attendance and Reach

In 2017, we are experiencing a levelling trend of spectators and drivers. We expect the sustainability phase to hover around the 200 car mark – and for spectators to do the same. This is the natural break-even point of the Races financially, and the goal is to hit this mark within the next 4 races. This mark is also the maximum capacity of the Airport venue and it makes an excellent goal to set.

In expending our marketing efforts over social media, we have extended our traditional marketing reach and have started to cement our online following through regular drag racing circles. Passing this advertisement around the circuit as well as other races using these tools, we expect to have a great deal of success while also being extremely efficient with funds. This again fits within the goal of sustainability.

Financial Statement

Below you will find a financial statement comparing 2017 with previous years. Following the financial statement, larger accounts and overages will be broken down with comments from Staff.

Line Item	2012	2013	2014	2015	2016	2017
Revenue						
Provincial Grant	-45,000	0	0	0	0	0
Donations	0	-4,000	-4,770	-1,071	-6,500	-391
Sponsors	-45,000	-43,348	-46,387	-41,366	-45,004	-51,054
Program Fees	-80,192	-80,629	-102,371	-89,783	-98,333	-88,320
Product Sales (Other)	0	0	-300	-2,020	-48	-1,982
Product Sales (Bar)	-18,529	-14,579	-18,720	-20,775	-16,201	-13,501
Total Revenue	-188,721	-142,556	-172,548	-155,015	-166,086	-155,248
Expenses						
Materials / Supplies	143,052	65,482	54,439	68,165	72,087	47,330
Consulting / Contracted Serv.	40,000	71,816	87,227	76,568	97,284	96,228
Advertising / Promotion	22,931	14,092	5,616	17,708	12,960	4,487
Cash Over/ Under	0	0	-220	-2,311	-353	-52
Transportation	0	0	3,372	2,562	1,785	0
Resale Items (Other)	0	0	0	1,108	311	5,145
Resale Items (Bar)	7,828	10,677	12,123	7,735	10,453	7,017
Contribution to Reserves	0	0	8,619	0	0	0
Total Expense	213,811	162,067	171,176	171,535	194,527	160,155
Surplus/Deficit	25,090	19,511	-1,372	16,520	28,441	4,907

Notes:

1. Consulting / Contracted services – the \$4,000 Fire Department Donation was missed in 2017 and is in the Municipal statement. This account has been adjusted for the purposes of this report
2. Resale Items (other) – There is \$3,000 of expenses that has been transferred for resale at the TIC and this account has been adjusted for the purposes of this report.
3. No staff time has been attributed to this chart for the purposes of this report.

Donations and Sponsors

In the financial statement above, we have been able to increase sponsorship over previous years. This sponsorship fund is extremely important, and the only risk-free revenue generated by the Races. For the future, a gradual increase or continuing with the same amounts is one of the keys to success.

Program Fees

With the exception of 2014, program fee revenue has consistently increased, and has now stabilized in the consistent 90,000 mark. Staff expect that the breakeven point of 200 racers will push this revenue class into the 100,000 range, and this will be the goal over the next 4 years of the Race. Buybacks continue to be a boon to the Races here, indicating our success with revenue generation from drivers.

Materials and Supplies

This total is artificially high as cash prizes for drivers account for \$36,000 of this expense. This is one of the accounts where effective budgeting was key to the financial success of the Race. The ability to source local products has also helped keep costs down. We expect that in the future this account will remain stable as most costs here are, and should remain fixed.

Consulting and Contracted Services

The major single expense of running the Race is the contracted team to administer it – an expense of \$39,000. This is a fixed expense for the Race. In 2017, only slight overages were experienced, primarily relating to increasing costs for entertainment services such as Jet Cars and Inflatables. In the future, these costs will continue to grow at a rate relative to other sectors of the economy. In keeping sustainable, the Races will need to offset these costs with potential increases in ticket cost to remain consistent. This can be in line with expected increases and is manageable in the future.

Resale Other

This year, the Committee took over retail sales of all items from a third party contractor. As the first test year, it was proof of concept that this can be an excellent revenue generator and the Races will continue to refine this process for future events. It is also a good way of offsetting expenses without raising prices. The Committee will continue to explore this value added revenue stream. It should also be noted that t-shirt sales continue throughout the year, and the revenue is reflected with the sales even after the event.

Marketing

In the marketing cost category, a significant reduction was gained by the use of social media. Staff and the Committee will continue to expand use of these platforms in favor of traditional media as it has a much better and more effective reach for significantly less cost. This follows the overall municipal media strategy as we update our marketing activities.

Financial Considerations

The Northern Nationals Drag Race remains an investment for the Municipality, though this year shows a significant decrease in this investment due to careful management from the Committee. As we are at the very beginning of the sustainability phase, the overarching goal is to have a sustainable event at the end of this phase. To that effect, the measures taken in 2017 have been very effective, but there is still room for improvement. Three primary cost savings have been effective in controlling expenses:

Capital Purchases: As planned in 2016, 2017 had no capital purchases affect the operating budget. This has significantly reduced the spending year over year, and future purposes will reflect the importance of capitalization and grants for any infrastructure requirements related to the Races.

Marketing: In the 2016 Race Report, the Committee made the goal of significantly reducing marketing expenses while maintaining our effectiveness in advertising. This has clearly been very successful. This year alone, staff eliminated 2/3rd of the marketing budget while still being able to leverage regional marketing. Social media played a large factor in these savings

Effective Budgeting: In 2017 the Committee reviewed the full budget as a team, and broke down each expense out of the Municipal budget so it was clear what spending requirements and controls were needed to make the Races sustainable. The effective implementation of these practices is clear.

Financial Summary

In looking at the final total of this event, the substantial reduction of cost over previous years indicates that the Races is well on its way to becoming sustainable. This is key as the Race plateaus – income stabilizes as the Race develops, and a break-even point appears, likely around the 1500 spectator, 200 racer mark. The Committee has set this as a goal and continues to work towards it. Another way to look at this year is in this perspective: The final expense of the race, a \$4,000 cheque to the Wawa Volunteer Fire Department for services rendered during the Races, is in effect the only cost not offset by revenue generation. This is very positive for the community as the net cost of a great deal of economic development is funding for the Fire Department, staff time, and \$900.

Economic Benefit

One of the primary goals of the Northern Nationals Drag Races is to provide a weekend where our community is full and busy. Not only is this a great opportunity for residents to experience a summer event, but a great deal of tourists come into our community, providing great exposure for Wawa. This influx of people also generates a great deal of economic impact, as tourist dollars flow into local businesses.

Business Impacts

The Wawa business community continues to show strong support of this event. Of the 29 event sponsors this year, 22 are local businesses. The Races allow for local businesses to market themselves on a regional and international scale that would not be possible without an event of this calibre occurring each summer in Wawa. These businesses also benefit from the partnerships formed throughout the races, with many sponsors being key suppliers of goods and services used throughout the races. These goods and services are not only used by drivers and spectators, but by the operations of the races as well. Of the money spent on the Wawa Drag Races in 2017, more than \$50,000 remained in the community, providing further benefit to local businesses.

Social Benefit

The Northern Nationals have a great deal of benefits that are impossible to show with numbers. The community spirit and pride of all the volunteers that work so hard to put on an event of this scale contributes to the social well-being of the community. Every spectator and driver that enters through the gates experiences a hometown race that has gotten the reputation of the friendliest on the circuit. These are all extremely positive outcomes that are invaluable to the continued success of the town. The experiences that people get coming to Wawa for a race translate to many coming back year after year, and choosing Wawa as their summer getaway. That's marketing that really sticks and supports tourism in Wawa. The positive image that is represented through the Races does a great deal to support other tourism initiatives for Wawa and area.

Return on Investment

The Race continues to be an investment on the behalf of the Municipality. However, an investment of \$5000 for a significant return of economic benefits for the town represents an easily justifiable expenditure in the eyes of Staff. This expense is very similar to other tourism expenses in that it provides a direct and measurable positive impact on the community. This investment also provides a great deal of benefits such as recreation opportunities for residents as well as being one of the top events in Wawa of the year. Moving forward, these financial results indicate that sustainability of the Races is a manageable goal over the next 4 years, and the Committee will continue to work towards this.

Moving Forward 2018

The Northern Nationals Drag Race was created in 2012, and 2017 is the end of the current five year plan. This plan has seen the race grow from nothing to one of the most popular events in Wawa. Moving forward, the Drag Race Committee and Staff will create the next five year plan, moving out of the Establishment phase of the Race and to the Sustainability phase. This will plan for steady, manageable growth over the next 4 years as well as a balancing of the Budget. In 2017, more sponsorship options will be made available and pursued. The Committee will focus on getting more drivers and maintaining the excellent reputation of the Race. We will also focus on getting spectators from the surrounding communities, with emphasis in Sault Ste. Marie and the Northern United States.

